

# STANBIC IBTC COMPANY NEWS



## SELECTED INDICES

Sector	: Agriculture
Current Price	: N25.29
Shares Outstanding	: 500Mn
Market Cap	: N12.645Bn
Proposed Dividend	: N0.50/share
Proposed Bonus	: 1 for 1
Closure Date	: 30-06-08 to
04-07-08	
Payment Date	: 04-July-08
Liquidity	: Medium
Price to Book	: 4.63
Industry Average	: 4.32
ROA 2006	: 5.29%
ROA 2007	: 0.87%
ROE 2006	: 9.53%
ROE 2007	: 1.61%
PAT (2007)	: N37.251Mn
PAT (2008) est.	: N828.716Mn
EPS (2007)	: 7.45kobo
EPS (2008) est.	: 165.74kobo
PE (2007)	: 339.5x
Industry Average PE (2007)	: 177.5x
PE 2008 est.	: 15.26x
Industry Average PE est	: 21.26x
Dividend Yield (2007)	: 0.20%
Dividend Yield (2008) est	: 3.44%
Industry Average DYield est	: 2.48%
Fair Value	: N12.84
Projected Price (Dec 2008)	: N12.00

## Recommendation

**HOLD**            **SHORT TERM**  
**HOLD**            **LONG TERM**

### PRESCO PLC FULL YEAR AUDITED RESULT FOR THE PERIOD ENDED 31 DECEMBER 2007

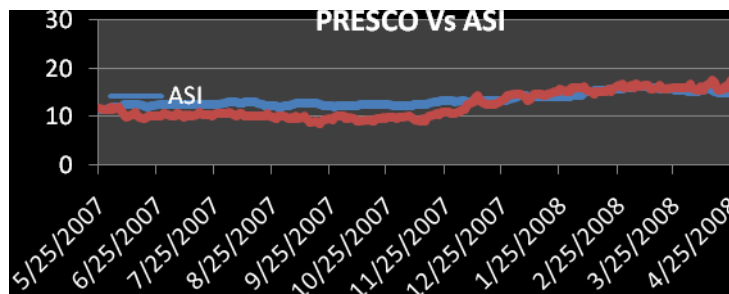
	2007	2006	Growth
Turnover (N'Bn)	2.266	2.104	7.70%
PBT (N'Mn)	239.913	293.711	-18.32%
PAT (N'Mn)	37.251	216.870	-82.82%

### PRESCO PLC UNAUDITED FIRST QUARTER RESULT FOR THE PERIOD ENDED 31 MARCH 2008

	2008	2007	Growth
Turnover (N'Mn)	766.826	424.219	80.76%
PBT (N'Mn)	213.382	83.089	156.81%
PAT (N'Mn)	207.179	79.657	160.09%

### ANALYST'S OPINION

Presco Plc released a double header as it announced both its audited full year results for the year ended 31 December 2007 as well as its unaudited first quarter results for the period ended 31 March 2008. The full year audited result showed a slight increase of 7.70% in turnover while the PBT declined by 18.32% to 239.913 million in 2007. The company incurred exceptional items during the year of N32.315 million. In the same vein, PAT reduced significantly by 82.82% from N216.870 million in 2006 to N37.251 million in 2007. The company is recommending a proposed dividend of 5kobo/share and a proposed bonus of 1 for 1. The 1st quarter unaudited result showed an improved performance. Turnover when compared to the comparable period of 2007 increased by 80.76% to N766.826 million. The PBT was N213.383 million as against N83.089 million in 2007. Likewise, PAT grew up 160.09% to N207.179 million. This represents an EPS of 7.45kobo and a PE of 339.5x earnings as against an industry average EPS of 45.125kobo and an industry average PE of 177.5x earnings. Based on the 1st quarter result, we are projecting a PAT of N828.716 million for the financial year end 31st December 2008. This will yield an EPS of 165.74 kobo, a PE of 15.26x earnings and a dividend yield of 3.44% compared to a projected industry average EPS of 140.405 kobo and a projected industry average PE of 21.26. Using a combination of some valuation methods such as PE multiples, Price to Book and Dividend Yield, we arrived at a fair value of N12.84 for Presco Plc after its being marked down for bonus. This suggests that Presco Plc is currently trading very close to its fair value after the share is adjusted for the proposed bonus. As a result, our recommendation in the short term is a **HOLD** and also a **HOLD** in the long term.



This publication is for information purposes only. The Standard Bank Group and its employees make no representations as to the accuracy and completeness of the information contained in this bulletin. We therefore accept no liability for any loss arising from the use of such information.

Enquiries in relation to any of the matters herein may be directed to Yemi Kale +234 -01-8990671-2, 7307944.

**Notice to US Residents:** This research is not for distribution in the United States and should not be used by US residents or persons.

**Notice to EU and UK Residents:** Non-independent Research: This research is classified as being a "marketing communication" as defined by the UK FSA Handbook. This document is not independent investment research. It is therefore "non-independent research" and constitutes a "marketing communication" as those terms are defined by the UK FSA Handbook, as due to internal arrangements, it is not appropriate for Stanbic IBTC to label it as investment research, as it has not been prepared in accordance with the EU legal requirements designed to promote the independence of investment research. As a result both Stanbic IBTC and the individual employees who prepared this document may have responsibilities that conflict with the interests of the persons who receive this document and you should therefore not rely on this document as being an independent or objective view of the value or prospects of the companies and/or investments referred to herein. Stanbic IBTC may have an actual or potential conflict of interest that may affect the objectivity of the research report.

---

This publication is for information purposes only. The Standard Bank Group and its employees make no representations as to the accuracy and completeness of the information contained in this bulletin. We therefore accept no liability for any loss arising from the use of such information.

Enquiries in relation to any of the matters herein may be directed to Yemi Kale +234 -01-8990671-2, 7307944.

**Notice to US Residents:** This research is not for distribution in the United States and should not be used by US residents or persons.

**Notice to EU and UK Residents:** Non-independent Research: This research is classified as being a “marketing communication” as defined by the UK FSA Handbook. This document is not independent investment research. It is therefore “non-independent research” and constitutes a “marketing communication” as those terms are defined by the UK FSA Handbook, as due to internal arrangements, it is not appropriate for Stanbic IBTC to label it as investment research, as it has not been prepared in accordance with the EU legal requirements designed to promote the independence of investment research. As a result both Stanbic IBTC and the individual employees who prepared this document may have responsibilities that conflict with the interests of the persons who receive this document and you should therefore not rely on this document as being an independent or objective view of the value or prospects of the companies and/or investments referred to herein. Stanbic IBTC may have an actual or potential conflict of interest that may affect the objectivity of the research report.

---